

**Introduced by Senator Perata**

February 24, 2006

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An act to amend Sections 41081 and 44229 of the Health and Safety Code, relating to air pollution.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1718, as introduced, Perata. Air pollution.

(1) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered in the counties within that district. Existing law requires the Department of Motor Vehicles to collect that surcharge, and requires the Sacramento district to use the funds for specified purposes, including, until January 1, 2015, for the new purchase, retrofit, repower, or add-on of equipment for previously unregulated agricultural sources of air pollution within the district for a minimum of 3 years from the date of adoption of an applicable rule or standard, or until the compliance date of that rule or standard, whichever is later. Existing law also requires the Department of Motor Vehicles to distribute certain revenues to air pollution districts and air quality management districts, which are required to use specified revenues to implement certain programs, including, until January 1, 2015, the new purchase, retrofit, repower, or add-on of equipment for previously unregulated agricultural sources of air pollution, as defined.

This bill would limit those expenditure as they relate to unregulated agricultural sources of air pollution, to the new purchase, retrofit, repower, or add-on of equipment for previously unregulated internal combustion engines that are agricultural sources of air pollution, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 41081 of the Health and Safety Code,  
2     as amended by Section 2 of Chapter 707 of the Statutes of 2004,  
3     is amended to read:  
4     41081. (a) Subject to Article 3.7 (commencing with Section  
5     53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the  
6     Government Code, or with the approval of the board of  
7     supervisors of each county included, in whole or in part, within  
8     the Sacramento district, the Sacramento district board may adopt  
9     a surcharge on the motor vehicle registration fees applicable to  
10    all motor vehicles registered in those counties within the  
11    Sacramento district whose boards of supervisors have adopted a  
12    resolution approving the surcharge. The surcharge shall be  
13    collected by the Department of Motor Vehicles and, after  
14    deducting the department's administrative costs, the remaining  
15    funds shall be transferred to the Sacramento district. Prior to the  
16    adoption of any surcharge pursuant to this subdivision, the  
17    district board shall make a finding that any funds allocated to the  
18    district as a result of the adoption of a county transportation sales  
19    and use tax are insufficient to carry out the purposes of this  
20    chapter.  
21    (b) The surcharge shall not exceed six dollars (\$6).  
22    (c) After consulting with the Department of Motor Vehicles on  
23    the feasibility thereof, the Sacramento district board may  
24    provide, in the surcharge adopted pursuant to subdivision (a), to  
25    exempt from all or part of the surcharge any category of  
26    low-emission motor vehicle.  
27    (d) Funds received by the Sacramento district pursuant to this  
28    section shall be used by that district as follows:  
29    (1) The revenues resulting from the first four dollars (\$4) of  
30    each surcharge shall be used to implement reductions in  
31    emissions from vehicular sources, including, but not limited to, a  
32    clean fuels program and motor vehicle use reduction measures.  
33    (2) The revenues resulting from the next two dollars (\$2) of  
34    each surcharge shall be used to implement the following  
35    programs that achieve emission reductions from vehicular

1 sources and off-road engines, to the extent that the district  
2 determines the program remediates air pollution harms created  
3 by motor vehicles on which the surcharge is imposed:

4 (i) Projects eligible for grants under the Carl Moyer Memorial  
5 Air Quality Standards Attainment Program (Chapter 9  
6 (commencing with Section 44275) of Part 5).

7 (ii) The new purchase, retrofit, repower, or add-on of  
8 equipment for previously unregulated *internal combustion*  
9 *engines that are* agricultural sources of air pollution, as defined  
10 in Section 39011.5, within the Sacramento district, for a  
11 minimum of three years from the date of adoption of an  
12 applicable rule or standard, or until the compliance date of that  
13 rule or standard, whichever is later, if the state board has  
14 determined that the rule or standard complies with Sections  
15 40913, 40914, and 41503.1, after which period of time, a new  
16 purchase, retrofit, repower, or add-on of equipment shall not be  
17 funded pursuant to this chapter. The district shall follow any  
18 guidelines developed under subdivision (a) of Section 44287 for  
19 awarding grants under this program.

20 (iii) The new purchase of schoolbuses pursuant to the  
21 Lower-Emission School Bus Program adopted by the state board.

22 (iv) An accelerated vehicle retirement or repair program that is  
23 adopted by the state board pursuant to authority granted hereafter  
24 by the Legislature by statute.

25 (e) Not more than 5 percent of the funds collected pursuant to  
26 this section shall be used by the district for administrative  
27 expenses.

28 (f) No project funded by the program shall be used for credit  
29 under any state or federal emissions averaging, banking, or  
30 trading program. No emission reduction generated by the  
31 program shall be used as marketable emission reduction credits  
32 or to offset any emission reduction obligation of any person or  
33 entity. Projects involving new engines that would otherwise  
34 generate marketable credits under state or federal averaging,  
35 banking, and trading programs shall include transfer of credits to  
36 the engine end user and retirement of those credits toward  
37 reducing air emissions in order to qualify for funding under the  
38 program. A purchase of a low-emission vehicle or of equipment  
39 pursuant to a corporate or a controlling board's policy, but not

1 otherwise required by law, shall generate surplus emissions  
2 reductions and may be funded by the program.

3 (g) This section shall remain in effect only until January 1,  
4 2015, and as of that date is repealed, unless a later enacted  
5 statute, that is enacted before January 1, 2015, deletes or extends  
6 that date.

7 SEC. 2. Section 44229 of the Health and Safety Code, as  
8 amended by Section 4 of Chapter 707 of the Statutes of 2004, is  
9 amended to read:

10 44229. (a) After deducting all administrative costs it incurs  
11 through collection of fees pursuant to Section 44227, the  
12 Department of Motor Vehicles shall distribute the revenues to  
13 districts, which shall use the revenues resulting from the first four  
14 dollars (\$4) of each fee imposed to reduce air pollution from  
15 motor vehicles and to carry out related planning, monitoring,  
16 enforcement, and technical studies necessary for implementation  
17 of the California Clean Air Act of 1988. Fees collected by the  
18 Department of Motor Vehicles pursuant to this chapter shall be  
19 distributed to districts based upon the amount of fees collected  
20 from motor vehicles registered within each district.

21 (b) Notwithstanding the provisions of Section 44241 and  
22 Section 44243, a district shall use the revenues resulting from the  
23 next two dollars (\$2) of each fee imposed pursuant to Section  
24 44227 to implement the following programs that the district  
25 determines remediate air pollution harms created by motor  
26 vehicles on which the surcharge is imposed:

27 (1) Projects eligible for grants under the Carl Moyer Memorial  
28 Air Quality Standards Attainment Program (Chapter 9  
29 (commencing with Section 44275) of Part 5).

30 (2) The new purchase, retrofit, repower, or add-on equipment  
31 for previously unregulated *internal combustion engines that are*  
32 agricultural sources of air pollution, as defined in Section  
33 39011.5, for a minimum of three years from the date of adoption  
34 of an applicable rule or standard, or until the compliance date of  
35 that rule or standard, whichever is later, if the state board has  
36 determined that the rule or standard complies with Sections  
37 40913, 40914, and 41503.1, after which period of time, a new  
38 purchase, retrofit, repower, or add-on of equipment shall not be  
39 funded pursuant to this chapter. The districts shall follow any

1 guidelines developed under subdivision (a) of Section 44287 for  
2 awarding grants under this program.

3 (3) The new purchase of schoolbuses pursuant to the  
4 Lower-Emission School Bus Program adopted by the state board.

5 (4) An accelerated vehicle retirement or repair program that is  
6 adopted by the state board pursuant to authority granted hereafter  
7 by the Legislature by statute.

8 (c) The Department of Motor Vehicles may annually expend  
9 not more than the following percentages of the fees collected  
10 pursuant to Section 44227 on administrative costs:

11 (1) During the first year after the operative date of this chapter,  
12 not more than 5 percent of the fees collected may be used for  
13 administrative costs.

14 (2) During the second year after the operative date of this  
15 chapter, not more than 3 percent of the fees collected may be  
16 used for administrative costs.

17 (3) During any year subsequent to the second year after the  
18 operative date of this chapter, not more than 1 percent of the fees  
19 collected may be used for administrative costs.

20 (d) No project funded by the program shall be used for credit  
21 under any state or federal emissions averaging, banking, or  
22 trading program. No emission reduction generated by the  
23 program shall be used as marketable emission reduction credits  
24 or to offset any emission reduction obligation of any person or  
25 entity. Projects involving new engines that would otherwise  
26 generate marketable credits under state or federal averaging,  
27 banking, and trading programs shall include transfer of credits to  
28 the engine end user and retirement of those credits toward  
29 reducing air emissions in order to qualify for funding under the  
30 program. A purchase of a low-emission vehicle or of equipment  
31 pursuant to a corporate or a controlling board's policy, but not  
32 otherwise required by law, shall generate surplus emissions  
33 reductions and may be funded by the program.

34 (e) This section shall remain in effect only until January 1,  
35 2015, and as of that date is repealed, unless a later enacted  
36 statute, that is enacted before January 1, 2015, deletes or extends  
37 that date.